

TARGET

Intelligence Report

VOLUME XXIV No. 257

S A T U R D A Y

November 26, 2022

VODATEL NETWORKS HOLDINGS LTD: IS THIS COMPANY WORTH ITS SALT ?

On or about Friday, November 11, 2022, Management of Vodatel Networks Holdings Ltd (愛達利網絡控股有限公司) (Code: 8033, The Growth Enterprise Market [the GEM], The Stock Exchange of Hongkong Ltd) published and disseminated its Third Quarterly Report in respect of the nine months, ended Friday, September 30, 2022.

On Revenue of \$HK289,846,000.00, Management produced a Net Profit Attributable To Shareholders of about \$HK9,853,000.00, representing an increase, compared with the like period with regard to the 2021 Financial Year, of about 297.69 percent.

The following are some of the highlights, copied verbatim from Page Two of the Third Quarterly Report:

	For The Nine Month Period, Ended September 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Unaudited And Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	289,846	273,679	5.91
Gross Profit	65,727	69,369	(5.25)
Gross Profit Margin*	22.68 percent	25.35 percent	(10.53)
Profit/(Loss) Before Income Tax	8,370	(3,676)	327.69
Profit/(Loss) Attributable To Shareholders Of The Company	9,853	(4,984)	297.69
Net Profit Margin *	3.40 percent	N/A	N/A

* These are **TARGET**'s calculations.

However, during the nine months, ended September 30, 2022, Management of Vodatel Networks Holdings Ltd disposed of a subsidiary, resulting in a one-off gain \$HK5,667,000.00.

Without that one-off gain of \$HK5,667,000.00, the Profit/(Loss) from continuing operations would have been reduced from \$HK8,395,000.00 to about \$HK2,728,000.00.

As such, the resultant financial effect of that one-off gain, had it never had seen the light of day, would have shaved down the Profit/(Loss) Attributable to Shareholders very materially.

The 2021 Annual Report Of Vodatel Networks Holdings Ltd

At Page Three of the 2021 Annual Report of Vodatel Networks Holdings Ltd, one was presented with the Company's Profile in just three paragraphs:

'Headquartered in Macao (The Macau Special Administrative Region [MSAR] of the People's Republic of China [PRC]) and listed on GEM (on or about February 5, 2000), the Group primarily engages in the design, supply, implementation and maintenance of turnkey solutions in the areas of IT (Information Technology), networks and surveillance and in the development of customised software for its customers. Working in close collaboration with many renowned multinational manufacturers, the Group embodies the vision to deliver high quality, cutting-edge and custom-tailored IT infrastructure for its customers across Macao, Hong Kong and Mainland China, offering them technology and solutions that optimise deployment of resources, maximise operational efficiency and enhance network security.'

'Over the years, the Group strives for excellence in its core business and develops a comprehensive set of competencies in IT, networks, surveillance and software solutions for the public sectors, as well as the telecommunication, Internet-related, educational, medical, gaming and hospitality sectors. The Group will continue to pursue latest technology for future IT industry applications that currently might not be feasible due to infrastructure limitations.'

'In addition to its main offices in Macao and Hong Kong, the Group has established research and development facilities in Shanghai, 24-hour service hubs and several presence across Mainland China.'

At Page 56 of the 2021 Annual Report of Vodatel Networks Holdings Ltd, one was presented with the '**Consolidated Statement of Profit or Loss**', from which some of the highlights have been hereby extracted by this medium:

Continuing Operations	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue From Contracts With Customers	413,079	397,527	3.91
Gross Profit	97,549	100,544	(2.98)
Gross Profit Margin *	23.62 percent	25.29 percent	(6.60)
Operating Profit/(Loss)	(8,323)	752	(1,206.78)
Profit/(Loss) Before Income Tax	(5,450)	4,109	(232.64)
Profit/(Loss) For The Year	(8,431)	3,728	(326.15)
Profit/(Loss) Attributable To Shareholders Of The Company	(6,321)	3,826	(265.21)

* These are **TARGET**'s calculations.

At Page 59 of the 2021 Annual Report, under the heading, '**Consolidated Balance Sheet**' one notes that Total Equity (Shareholders' Funds), as at December 31, 2021, stood at \$HK184,472,000.00 (2020: \$HK196,115,000.00).

The above statistic suggests, without question, that Shareholders' Funds had been reduced, Year-On-Year, by about 5.94 percent.

At Page 90 of the 2021 Annual Report of the Company, under the subheading, '**Financing arrangements**', one learns:

'The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2021	2020
	\$HK'000	\$HK'000
Fixed rate		
- Expiring within one year (bank overdraft)	391,823	408,553

'The bank facilities might be drawn at any time and might be terminated by the bank without notice. The unsecured bill acceptance facility might be drawn at any time and was subject to annual review.'

At ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*